



**U.S SMALL BUSINESS ADMINISTRATION**  
WASHINGTON, D.C. 20416

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**Senate Committee on Small Business and Entrepreneurship**  
***2017 Hurricane Season – Harvey, Irma and Maria***

Good morning Chairman Risch, Ranking Member Shaheen, and distinguished members of the Committee. Thank you for inviting me here today to discuss the SBA's Disaster Loan Program and our response to major disasters in the 2017 Hurricane Season. I am James Rivera, the Associate Administrator for the SBA's Office of Disaster Assistance (ODA). Let me first start by saying on behalf of Administrator Linda McMahon and the entire Agency, we appreciate your strong support of the Agency's disaster assistance mission and your continued leadership to ensure that as a country we are able to meet the challenges of disaster events like the ones we have seen in this year's very active Hurricane Season.

SBA's disaster assistance mission is to provide affordable, timely and accessible financial assistance following a declared disaster to businesses of all sizes, private non-profit organizations, as well as homeowners and renters. This financial assistance is available in the form of low-interest, long-term direct Federal loans for disaster losses not covered by insurance or other recoveries. Since SBA's inception in 1953, we have provided over two million loans for more than \$56 billion dollars. SBA disaster loans are a critical part of the Federal government's response and recovery effort because they help to rebuild homes and businesses, replace contents, preserve jobs and spur economic recovery.

**About the SBA Disaster Loan Program**

Even though SBA is on the ground immediately following a disaster, we are not a "first responder" agency. Our primary focus is to provide affordable disaster loans for privately-owned property losses as part of the recovery effort in coordination with other Federal, State, local, and Tribal partners. The SBA and the Federal Emergency Management Agency (FEMA) partner to ensure disaster survivors obtain the maximum amount of assistance for which they are eligible; and we share information to ensure no benefits are duplicated when providing assistance. For Presidential disaster declarations including Individual Assistance, disaster survivors should first register with FEMA on [DisasterAssistance.gov](https://www.disasterassistance.gov).

As part of an overall effort to assist disaster survivors to get back on their feet, SBA provides loan assistance up to \$200,000 to help homeowners repair or replace their damaged or destroyed primary residence and up to \$200,000 for eligible refinancing. We also provide up to \$40,000 to help homeowners and renters replace damaged or destroyed personal property such as furniture, clothing, appliances, and vehicles. For businesses of all sizes and private non-profit organizations, SBA provides up to \$2 million dollars to repair or replace damaged real estate, leasehold improvements, furniture and fixtures, inventory, and machinery and equipment.

Additionally, SBA offers Economic Injury Disaster Loans (EIDL) to small businesses, small agricultural cooperatives, and most private non-profit organizations that have suffered economic injury caused by a disaster. These loans provide working capital to a business or organization until normal operations can resume following a disaster.

I should also note that SBA provides additional loan funds for mitigation – up to 20 percent of the total physical losses as verified by SBA – to help prevent damages from similar disaster events which may occur in the future. SBA disaster loan funds can only be used for uninsured, underinsured or uncompensated losses.

### **Agency/General Disaster Preparation**

Over the past several years, SBA has made a number of key improvements that help us to better respond to disaster survivors. We have implemented streamlined process improvements that utilize technology and private-sector lending practices to upgrade the SBA Disaster Loan Program so that it improves the overall applicant experience. For example, we now use credit-scoring business rules to make expedited credit decisions and desktop verifications to quickly estimate property damages. These streamlined process improvements are especially important during such an active Hurricane Season because they enable us to deliver a credit decision days or even weeks faster than normal.

We also have this Committee to thank for some of our other meaningful improvements, which are a result of legislation that SBA worked on with the Committee. For example, the Recovery Improvements for Small Entities After Disaster Act of 2015 (RISE Act) included several important measures for disaster survivors, such as increasing the unsecured loan limit from \$14,000 to \$25,000, expanding mitigation assistance to include safe rooms and storm shelters that will save lives, and the creation of a Disaster Loan Assistance Portal that provides disaster survivors with quick and easy access to their loan application status, filing requirements, document uploads, and includes some electronic signature capability.

Increasing the unsecured loan limit up to \$25,000 for physical damage and economic injury makes a real difference to the disaster survivor who is rebuilding a home or business. SBA typically makes an initial disbursement within five days of receiving the borrower's signed loan closing documents (other than the security documents), but instead of a homeowner only receiving \$14,000, he or she can now receive \$25,000, helping to speed up the reconstruction project.

Similarly, a small business that has both physical damage and economic injury can now receive \$50,000 in an initial disbursement – \$25,000 for the physical repairs and \$25,000 for working capital – within five days of returning the signed loan closing documents. This increase in the unsecured loan limit translates into SBA getting more disaster loan funds into the hands of disaster survivors faster. As a reminder, the increase in the unsecured loan limit for physical disaster loans included in the RISE Act is temporary authority that expires in November 2018.

The creation of the Disaster Loan Assistance Portal has changed the way SBA interacts with disaster survivors. Prior to the launch of the portal, the primary way for disaster survivors to check on the status of their loan application was to call the customer service center. While our customer service representatives are helpful and quick to respond, disaster survivors deserve more options and expect online access, especially during spikes in activity like we're experiencing now this Hurricane Season.

The portal provides disaster survivors with online communications regarding the status of their application, access to filing requirements and SBA forms, even the ability to electronically sign the IRS Form 4506-T, which is needed to verify income and repayment ability. SBA has a number of tools to assist limited and non-English speaking disaster survivors, including a language services contract that provides real-time interpreter services, and Fact Sheets translated to multiple language and available online. We are also doing local hiring for customer service representatives with special emphasis on language skills depending on the language needs of the community. To maintain pace with the lending industry online advancements, SBA plans to continue enhancing the portal so that disaster survivors receive the best customer service experience possible when applying for SBA disaster assistance.

### **Current Activity**

The 2017 Hurricane Season has already shaped up to be the most active season SBA has responded to since the 2005 Gulf Coast Hurricanes Katrina, Rita and Wilma. The President declared a major disaster for Hurricane Harvey in Texas on August 25, 2017. The U.S. Virgin Islands received a major disaster declaration for Hurricane Irma on September 7, 2017; Florida and the Commonwealth of Puerto Rico were declared on September 10, and Georgia was declared on September 15. Hurricane Maria was declared for Puerto Rico and US Virgin Islands on September 20, 2017. SBA responded immediately to each declaration and had staff on the ground within 48 hours to coordinate Federal, State and local recovery efforts.

Our staff on the ground is co-located at all FEMA-State Disaster Recovery Centers to assist disaster survivors in person, one-on-one with their SBA disaster loan application. SBA has also opened Business Recovery Centers throughout the disaster areas to provide assistance to business owners. SBA works closely with its Resource Partners – Small Business Development Centers, SCORE Counseling Centers and Women’s Business Centers – to go beyond disaster loans and connect businesses with free technical assistance and business counseling services. Our strong partnership with SBA Resource Partners enable us to respond quickly to business community needs.

As of September 25, 2017, SBA has approved 5,587 disaster loans for a total of \$474 million for Hurricane Harvey and 40 disaster loans for a total of \$2.2 million for Hurricane Irma. I want to emphasize that we are in the somewhat early stages of a transition to long-term recovery and from day-to-day we anticipate loan approval totals to increase significantly. Currently, we’re approving more than \$36 million per day in disaster loan funds...and we’re still strengthening our staffing numbers. Maria is still in a response, life-saving, and life-sustaining mission. We do not have any approved loans for Hurricane Maria yet. SBA disaster personnel are already pre-positioned after responding to Hurricane Irma.

Per SBA’s Disaster Preparedness and Response Plan, ODA maintains 1,750 workstations in the Fort Worth Processing and Disbursement Center and 350 more surge workstations in our Sacramento Disaster Center. We have also expanded the loan processing footprint to include 50 additional workstations at the Buffalo Call Center. As of September 25, 2017, we have a total staff of 2,287, but as I stated before, we’re continuing to strengthen our staffing numbers so we can respond effectively and efficiently to the needs of disaster survivors.

In closing, I appreciate the opportunity to update this Committee on SBA’s disaster recovery efforts. We firmly believe that the reforms we instituted are enabling us to be better prepared and to efficiently and

effectively respond to the needs of our nation's disaster survivors. I look forward to answering any questions. Thank you.